

review in an effective manner, unless the State demonstrates to the satisfaction of CMS that the State agency performing the case review will act with complete objectivity and independence from the Medicaid program.

**§ 475.103 Requirements for performing quality improvement initiatives.**

(a) In determining whether or not an organization has demonstrated the ability to perform quality improvement initiatives, CMS will take into consideration factors such as:

(1) The organization's proposed processes, capabilities, quantitative, and/or qualitative performance objectives, and methodology to perform quality improvement initiatives;

(2) The organization's proposed involvement of and access to physicians and practitioners in the QIO area with the appropriate expertise and specialization in the areas of health care concerning the quality improvement initiatives;

(3) The organization's access to professionals with appropriate knowledge of quality improvement methodologies and practices; and

(4) The organization's access to qualified information technology (IT) expertise.

(b) In making determinations under this section, CMS may consider characteristics such as the organization's geographic location and size. CMS may also consider prior experience in health care quality improvement that CMS considers relevant to performing quality improvement initiatives; such prior experience may include prior similar quality improvement initiative experience and whether it achieved successful results.

(c) A State government that administers a Medicaid program will be considered incapable of performing quality improvement initiative functions in an effective manner, unless the State demonstrates to the satisfaction of CMS that the State agency performing the quality improvement initiatives will act with complete objectivity and independence from the Medicaid program.

**§ 475.104 [Reserved]**

**§ 475.105 Prohibition against contracting with health care facilities, affiliates, and payor organizations.**

(a) *Basic rule.* Except as permitted under paragraph (a)(3) of this section, the following are not eligible for QIO contracts:

(1) A health care facility in the QIO area.

(2) A health care facility affiliate; that is, an organization in which more than 20 percent of the members of the governing body are also either a governing body member, officer, partner, five percent or more owner, or managing employee in a health care facility in the QIO area.

(3) A payor organization, unless the Secretary determines that—

(i) There is no other entity available for an area with which the Secretary can enter into a contract under this part; or

(ii) A payor organization is a more qualified entity to perform one or more of the functions of a QIO described in § 475.101(b), meets all other requirements and standards of this part, and demonstrates to the satisfaction of CMS that, in performing QIO activities, the payor organization will act with complete objectivity and independence from its payor program.

(b) [Reserved]

(c) *Subcontracting.* A QIO must not subcontract with a health care facility to perform any case review activities except for the review of the quality of care.

**§ 475.106 [Reserved]**

**§ 475.107 QIO contract awards.**

Subject to the provisions of § 475.105, CMS will—

(a) Ensure that all awardees meet the requirements of §§ 475.101 through 475.103, as applicable; and

(b) Award the contract to the selected organization for a specific QIO area for a period of 5 years.